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April 13, 2020

VIA ELECTRONIC FILING

Jocelyn G. Boyd, Esquire
Chief Clerk & Administrator
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, South Carolina 29210

RE: Request of Dominion Energy South Carolina, Incorporated to Decrease Its Rate
Rider Related to Pension Costs from \$0.00033 to (\$0.00017) Per Kilowatt-Hour
Docket No. 2020-50-E

Dear Ms. Boyd:

By this letter, the South Carolina Office of Regulatory Staff (“ORS”) hereby notifies the Public Service Commission of South Carolina (“Commission”) that ORS has reviewed the request of Dominion Energy South Carolina, Incorporated (“DESC” or “Company”) for approval from the Commission to decrease its Pension Rider from \$0.00033 to (\$0.00017) per kilowatt hour (“kWh”).

Overview of Company’s Request

Commission Order No. 2012-951 (the “Order”) approved the Company’s mechanism to recover its pension costs related to retail electric operations (“Pension Rider”). The Pension Rider is subject to an annual true-up depending on conditions in financial markets and other factors. Since its creation in 2012, the Company has periodically petitioned the Commission to adjust the Pension Rider to ensure that it is collecting sufficient funds from its ratepayers to maintain the proper balance in the fund.¹

Since the last adjustment to the Company's Pension Rider in Docket No. 2017-56-E, the prior under-collected balance of pension costs has been eliminated and is currently in an over-collection position. The Company states that current actuarial estimates are reflecting a decrease in pension costs. The Company projects there will be an over-collection of pension costs of

¹ Docket Nos. 2014-88-E, 2016-103-E, and 2017-56-E.

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approximately \$11 million as of April 2021 if the currently approved Pension Rider is not reduced. Additionally, DESC requests that the Commission approve, without notice or hearing, the updated Pension Rider. DESC states that publication of a notice is not necessary under either S.C. Code Ann. § 58-27-870(F) (2015) or Commission Order No. 2012-951.

ORS Recommendation

ORS reviewed the Company's proposal and 2019 actuarial report. The current actuarial estimates reflect a decrease in pension costs, resulting in the requested decrease to the Company's Pension Rider. Based on its review, DESC's proposal is in accordance with the Order and ORS does not object to the Company's Request to decrease the Pension Rider from \$0.00033 to (\$0.00017) per kWh.

Regarding the Company's request that the updated Pension Rider be put into effect without notice or hearing, S.C. Code Ann. § 58-27-870(F) (2015) states that the Commission may issue an order allowing rates and tariffs to be put into effect without notice and hearing when such rates "do not require a determination of the entire rate structure and overall rate of return, or...when the rates or tariffs so filed are otherwise necessary to obtain an orderly rate administration."

Given the current economic volatility and uncertainty of future market conditions due to COVID-19, the proposed decrease to the Pension Rider may result in a faster-than-anticipated balancing of over collections from customers. In order to monitor the impacts of economic and market conditions on the Pension Rider, ORS recommends DESC file quarterly updates for a twelve-month period, in a format that is determined in collaboration with ORS, with the Commission and provide a copy to ORS on the balance of the Pension Rider and updated projections through April 2021 in the same manner as in the Company's request. ORS will review the Company's quarterly reports and report to the Commission at the end of the twelve-month period if ORS has additional recommendation for adjustments to the Pension Rider.

Please do not hesitate to contact me if you have any questions.

Sincerely,

s/ Jeff Nelson

Jeffrey M. Nelson

cc: All Parties of Record (via e-mail)
David Butler, Esquire (via e-mail)

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